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Alternative Foods — Marketing Perspectives on the Production and Distribution Systems

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Additional information is available at the end of the chapter

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Abstract

Most societal and environmental challenges that humanity is currently facing relate to unsustainable consumption patterns and lifestyles. This unsustainability is supported by consumerism and producerism that have high interests for fierce productivity. This study presents a supply-demand marketing perspective based on the current literature and current market realities. Local food production and consumption are topics gaining much attention in academic marketing research and marketing practice. Local food systems regenerate the relationships between producers and consumers. A mixed design is used to assess the added values of the production and distribution systems in Canada. On one hand the supply side situation was assessed by conducting personal in-depth interviews with alternative food producers and market intermediaries. On the other hand, a survey was administered to local food consumers to assess their consumption patterns. Findings show that producers/farmers have a number of positive outcomes. Intrinsic values such as taste, quality and freshness, nutrition and health, are very important to the consumer both for local food products in general and local organic foods products in particular. Further, it is determined that price is important but not determinant of local foods purchase. Further, consumers' issues and concerns over conventional food products are determinant factors when purchasing local food products. It is also important to realize that consumers may not fully understand the meaning of locally produced food.

Keywords: locally produced foods, purchasing patterns, food concerns, value delivery, food chain

1. Introduction

Local food production and consumption are topics gaining much attention in both current academic marketing research and marketing practice. Global food systems are being criticized due to environmental, social and economic factors, which can be explained using the concept of local farming and local food culture. This is often referred to as embeddedness. Embeddedness is a core concept in food system research; it has been borrowed from economic sociology, and is widely used to characterize the different types of food systems. At one end, the dis-embedded globalized system is characterized by “industrial food” and not well-informed food choices. At the other end, the embedded localized system is described as a “human” and social system where food is produced and eaten locally [23]. As consumers express fears and concerns about the global food system, they are beginning to seek food alternatives. This in turn results in the emergence of new production options such as Farmer’s Markets, Community Supported Agriculture groups, and community / home gardens. Country of origin used to be key in consumers’ purchasing decision, but now food mileage has taken over it. People are beginning to care about the – local - origin of food products and are seeking locally produced foods when making their purchase decisions. For instance, the growing popularity of local food diets, such as the 100 Mile Diet is an indicator of a new trend towards consumption of local products.

As the population gains awareness, expresses concerns about global the system and demands the availability of locally grown food products, an opportunity may exist for farmers to target this market and modify production as necessary. Farmers would benefit from understanding consumer views on locally produced foods, and if market potential exists, then be able to formulate a marketing approach in line with consumer demands. Currently, there is limited research on the topic of consumer perception of alternative foods, and even less on locally produced food. As a matter of fact, from an academic research perspective it is important to understand the evolution of food research. Most of the research cited in the current study is fairly current, indicating that this local food research is an emerging area of study with remarkable potential. While interest in “buy local” food campaigns has grown in recent years, academic research in this area is divided along two distinct disciplinary lines. Rural sociology and rural geography examine food from a production standpoint, whereas marketing research and consumer behavior focus more on consumption [25]. In addition, there is need to consider a new body of research on local food products in relation to the concepts of embeddedness, sustainability, and their interconnectedness.

This chapter presents a supply-demand marketing model based on the current literature and current market realities. The model integrates several key factors and is built to answer practical questions related to the consumers’ lifestyle, awareness of food alternatives, and motives to be active societal consumers.

2. Food system economics

2.1. Local versus global food systems

The food system is composed of all activities involving production, processing, transport and consumption of food [10]. Food systems are categorized in local food systems and global food systems.

Increased globalization of food systems, large-scale production and distribution, and retail sales have changed the way food is produced and consumed. Prior to World War II, most of the agricultural production and marketing systems had strong local or regional bases. Since that time, many farms evolved to embrace new technologies to gain competitive advantages in the marketplace. As farming practices evolved and farmers became more specialized, the number of farms in both the U.S. and Canada fell significantly. [19] describes how American consumers have continued to demand quality food, but at the lowest price possible. The result of such demand has been the relocation of large farms to where land and labor costs are low. This system encourages a divide between land and people, between farm and city, and producers/farmers and consumers; food is no longer a social activity.

Nowadays, the idea of committing to eating only locally produced foods has become popular. Further, local agricultural knowledge and traditional farming methods have been lost and replaced with standardized production methods and consumption patterns. In this complex globalized food system, most food production and processing occur sizeable distances away from where people live, and buy groceries. *"Today's global food system contains fewer farmers on larger farms producing foods for distant markets."* [19]. In their research, [7], reference the work of McMichael (2000), Kimbrell (2002), Nestle (2006), Pollan (2006, 2008), indicate that the increasingly industrialized and globally extensive food systems of today are constantly being criticized regarding health, social, economic and environmental problems. This disconnect has also created many concerns with respect to food safety, food security, health, and sustainability. Local alternatives that are developing, as some would argue, are a response to this globalization trend [16]. Hence, strong interest by consumers and farmers to reconnect and re-establish these connections has led to an increase in the number of farmers markets, community supported agriculture groups, and local food initiatives such as food baskets.

2.2. Food security perspective

"Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life" [27]. Most societal and environmental challenges that humanity is currently facing relate to unsustainable consumption patterns and lifestyles. Consumption as it relates to this vision does not simply fulfill needs, but also satisfies new wants and desires. This unsustainability is supported by consumerism and producerism that have high interests for fierce productivity. Food is no exception to this global trend. The severe industrialization of the agricultural system is making the new food chain rely on pesticides and antibiotics. Processed and transformed, chemically-preserved, and nutritionally-poor, food products are nowadays more accessible

and convenient options to healthy food. As a matter of fact, the results of this unsustainable production system are disastrous. It has contributed to the degradation of the conventional agriculture, and overall public health. In fact, the last two decades were driven by two major trends in the agriculture industry; first, an increase in the use of genetically modified food (GMO); and an increase in food-related diseases, such as mad cow, bird flu, and more recently the horsegate.

Emerging efforts to provide food safety and quality has led to growing number of national and international quality assurance schemes. To this end, several “new” alternatives eliminate a number of concerns towards industrial food production and distribution. These “alternative food” options include labels such as local, natural, pesticide-free, ecologically friendly, slow food movement, and localvores. A *localvore*¹ is a person who eats foods grown locally; within often defined as within a 100-mile radius. In eating locally, most localvores hope to better understand their food sources and support their local economy. Advocates of these movements are against any industrialization of the food chain, its production and distribution. Three pillars are key here: food mileage, support for the local economy and production methods. It is clear that these new “sustainable” alternatives are based on food security principles: food access, utilization and stability [6].

2.3. Embeddedness and sustainability

Embeddedness is a concept widely used in food system research. Borrowed from economic sociology, the concept of embeddedness is widely used to characterize the different types of food systems: the dis-embedded globalized system and the more embedded localized system [23]. The embeddedness concept can be used to enrich the understanding of the broader sets of values tied to consumer motivations to buy at farmers markets [7]. As a matter of fact, local markets, where people exchange goods and services, are embedded in a network of social relations and meaningful systems of norms and rules [16]. Central to local food systems is the face-to-face connections and interactions between producers and consumers. Global markets are shaped less by social networks and norms, and impose instead compliance with their own norms of efficiency, rationality, optimizing and ‘time saving’ behavior. This global food system is experiencing societal, cultural, and moral disembedding. Ethical embeddedness is also being criticized resulting in a growing sense of distrust. Perhaps the development of more local systems is a result of social theory. This theory suggests that in situations of increasing distrust, alternative movements will emerge as consumers get organized to overcome their sense of insecurity [16]. As a result, alternative food schemes such as farmers’ markets and community supported agriculture have emerged giving consumers access to food they perceive to be less harmful to the environment, society, and health.

The long term stability and sustainability of food systems is an interesting area of research. Academic literature on food research indicates a renewed interest in sustainable agriculture and food systems [4]. Sustainability has been described as having three conceptual pillars: social, environmental and economic factors. A sustainable food and agriculture system

¹local = place, vore = to consume

requires economically viable farms and productive farmland to provide quality food [4]. Locally grown foods and farmers' markets contribute to the sustainability of the food system in many ways. Significant job and income impacts resulting from increased consumption of locally grown products are natural by-products of such systems. Ancillary benefits including increased access to healthy foods, business opportunities and drawing customers to down-town areas are also new trends.

3. The marketing of alternative foods

3.1. Food production, operations size and distribution logistics

It is worth noting that the alternative food *movement*, which began as an alternative style of production among small farms looking to reduce their environmental footprint and to differentiate their products from commercially produced foods, is going mainstream. Production methods, operations size, and distribution are key here. To this end sustainable food production *should* combine best environmental practices, preservation of natural resources, animal welfare standards while ensuring no use of genetic engineering, pesticides, additives, or fertilizers. Overall, sustainable alternative production systems deal with small and controlled size farming. This limits the distribution of such productions to the local or regional markets. At this time production of such farms is rather limited amounting to a few hundred tons. Such a volume will be of little interest to mainstream grocery chains. Distribution logistics and costs would consume a significant part of the producers/farmers margins.

Industrial farming addresses efficiently and effectively the challenges related to the cost and logistics of moving produced foods to national and global markets. Conventional food value chain applies an important downward pressure on price leading to the issues of profitability and productivity. As a consequence, some alternative foods such as organics moved slowly toward large-scale operations. This has resulted, for some small farmers concerned with the philosophical aspects of organic production, in diminished credibility of the organic standard and a refusal to participate. It has also hardened the value chain against entry by these small farmers. Hence, the challenge that the alternative food system is facing is a gap that spans between the consumerism/producerism system in place, the current food chain, and the alternative value delivery network/value chain. Therefore, distribution flows and logistics should be explored and studied.

In conventional food systems there exists between producers and consumers of food products a series of handlers involved in the processing and distribution at various stages of the journey from farm to plate. Traditional retail, with its focus on profit, seeks consistent supply of products. Imports from warmer climates offer this consistency. We see California and Mexico lettuce occupying shelves year-round because, for reasons of efficiency, retailers prefer to deal with a single supplier rather than displace the year-round supplier with a seasonally-available product. This is another major factor, and one that could mitigate the seasonality of foods. Large-scale farming is sustained by important economies of scale while small-scale farming involves higher production costs due to limited operations leading to higher selling prices. As

a result, there is a wide variety of product classifications depending on the production methods and thus, the operations size. This in turn gives rise to 2 distinct distribution systems. Long channels, eg. retail chains, that add value through price and high distribution intensity, and short channels, eg. direct from producers, that add value through their production methods and sustainable practices. Conventional distribution channels, characterized by a longer channel where consumers do not see and interact with the producer and where the information about food is limited, is targeted toward consumers that look for a one-stop grocery shopping experience [11, 12]. Unlike organic foods, that are observing a decline in consumers' trust, alternative food options are using mechanisms based on small-scale operations and direct channel distribution. Direct channels such as the farmers market is targeted toward consumers that look to interact – socially - with the producers [22], ask them questions about their production methods, food origin and variety, and cooking tips. Distinct trends are thus observed in the alternative food distribution.

3.2. Consumer marketing theory and alternative foods

In an environment of distrust toward the new food chain, addressing the issue of unsustainability from the demand side by ensuring product quality and product knowledge, labeling or setting proper pricing and communication strategies does not seem to be enough [11, 12]. Conversely, building trust in the food supply requires tools such as quality and non-profitability-based production processes.

The traditional marketing approach and specifically consumer marketing theory are not sufficiently prepared to handle the advent of new types of consumers such as organic food (OF) consumers, localvores, or slow food movement consumers. These consumers are looking for more than a product, i.e., they are looking for value products [1]. Moreover, the literature to date is of great interest but offers little insight into the motives to buy alternative food products. Growing consumer demand for alternative food products has been attributed to consumers' concerns regarding nutrition, health, the environment, and the quality of their food [8, 14]. Further, various studies conducted in Europe and the US have explored the consumer behavior and have tackled the issue of determining consumers' motivations and preferences for organic food products and local food products [26, 28]. Although some consumers are environmentally conscious, most studies confirm the predominance of egocentric values like health, attitude towards taste, and freshness that influence alternative food choices [8, 28].

Conversely, studies dealing with the concept of environmentally friendly products represent a mature research field covering different aspects of the marketing process namely, consumer behaviour, marketing mix, and marketing strategies. It is also interesting to shed the light on similarities and differences between green products and alternative food products. The issue of psychographic and personal variables in consumer behaviour dealing with environmental or green products has been dealt with by many researchers [2, 3, 5]. Hence, some of the variables that might shape the buying behavior of alternative food products are (i) perceived consumer effectiveness: consumers' believe that the efforts of an individual can make a difference in the solution to environmental problems [2, 3, 5], (ii) ecological concern: consumers' level of ecological concern is related to their willingness to purchase green products, (iii)

locus of control: refers to consumers' perception about the underlying main causes of events in their behavior [21], and (iv) faith in others [3].

3.3. Motivations to buy local

Consumers make personal decisions on food choices every day. Consumer preferences can have both extrinsic and intrinsic values. For example, extrinsic values would include price and brand, whereas intrinsic would include taste, quality, and freshness. In reviewing literature on why individuals buy local food products, there appears to be both private needs and altruistic intentions that motivate an individual to buy local. The three main benefits of local food systems are the environmental, economic and social benefits received. *Environmentally*, local food products' sales reduce greenhouse gases because the food has reduced transportation miles (reduced carbon footprint). This also results in better food quality and fresher food availability. *Economically*, local food systems help create local jobs, stable regional employment and provide better return on products (40-80% increase) through direct marketing at farmers' markets. *Socially*, key benefits are achieved through greater trust and connectedness between consumers and farmers. Many consumers are interested in local food products because of the perceived benefits of freshness, taste, and quality [18]. Because local products can potentially reach their consumers quicker, there is also a perception of a higher nutritional content.

In a study of food marketing consultants (Tellstrom et al. (2006), local food is described as "*an invention to reflect what urban consumers perceive about the idyllic rural countryside*". A common theme however, is the importance of social interactions, as well as food freshness and the ability to support local farmers. Several other factors come into play such as food safety, quality, and health benefits. There is also evidence that some consumers are making civic choices and society-focused statements with their purchase decisions [17]. Rural sociologists argue that some local food consumers are not trading off and transacting on products, but rather they are seeking shared product values and engaging in reciprocal and trustful relationships with farmers and food producers [25]. According to an IPSOS Reid Survey of 2006 at Ontario Farmers Markets revealed that 95% of shoppers felt that "*buying products produced in your community is either very important or moderately important*". More importantly, 91% of the Ontarians surveyed indicated they would buy locally produced food if they could find it in their grocery stores.

4. Research design

4.1. Objectives

The growing popularity of local food marketing creates an interesting area of new research. Whereas the majority of previous research is focusing on the demand side, this research aims to bridge the demand to the supply by uncovering bilateral factors affecting the marketing of alternative foods. Further, it is crucial to understand the motives and purchasing patterns of alternative food consumers. This helps to understand the marketing actions and logistics underlying the production and distribution systems of local food products.

Hence, the objectives of the research are:

- Assess the importance of local foods production and distribution systems in creating and shaping the local foods market;
- Understand the motives and concerns, product preferences, and consumption patterns of local food consumers; and
- Build a local food products marketing model.

4.2. Conceptual framework

To address the abovementioned objectives, a conceptual framework has been developed (cf. Figure 1).

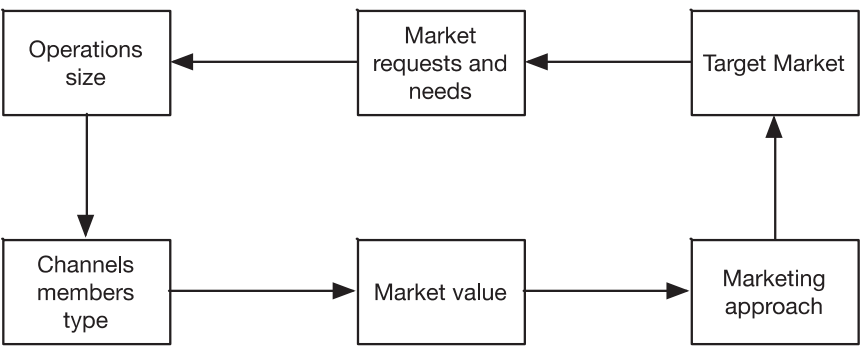


Figure 1. Conceptual Framework

It shows the value delivery network that will be assessed in this study. Basically consumers are assumed to have requests regarding food quality, freshness, environmental and economic impacts, and healthiness. This is assumed to depict a certain size of operations (large versus small). This in turn will impact the type of channels member involved in these operations. It is assumed here that the distribution channels are very short, counting a maximum of 2 members: 1 producer/farmer and 1 distributor (if there are any). These channels create certain values that are logically different depending on the point of sale. Lastly, depending on the market coverage and the channel size, farmers, producers, or distributors will have a marketing approach adapted to the value offered to the target market.

4.3. Design and procedure

To address the abovementioned objectives, a mixed design has been used to assess the added values of the production and distribution systems in Canada. The supply side situation was assessed by conducting personal in-depth interviews with alternative food producers and market intermediaries. 60 in-depth interviews were conducted in Ontario and Quebec, Canada, in Fall 2013 and Winter 2014. These interviews were based on an interview guide that lasted about 30 to 45 minutes. The guide probes respondents in the local food products value delivery network to discuss the actual structure of their distribution channel and their

marketing approach. The interview guide is composed of three sections. The first section deals with the marketing approach used by producers/distributors, the second section aims to explore the structure of the channel of distribution, and the last section deals with how producers/distributors perceive the market structure. This three-prong data collection scheme helps to determine with minimal bias the characteristics of this new market from a supply side perspective. Distributors were approached according to (i) market size, (ii) local food categories produced/sold, and (iii) by channel position (producers versus distributor). The in-depth interviews were recorded, transcribed, coded, and analyzed using content analysis (cf. [13]). This technique allows to process large amounts of textual information, systematically identifies its properties, and determines the frequencies of most used keywords.

On the other hand, to explore the local food products consumption patterns, a large-scale survey was administered to 1752 consumers. The population targeted for this study is alternative food shoppers. These consumers had to buy local food products and were randomly surveyed at small producers' farms gate, community farmers, farmers' market, community groceries, specialty stores, and community chain stores. The following food categories were targeted: fruits, vegetables, dairy, and meat. To this end and to test the 2nd objective, a structured questionnaire was designed. This objective here is twofold: (i) to determine the impact of consumer concerns and motivations on local food product purchase, and (ii) to study product attributes preferences and more generally the consumption patterns of local food consumers. The survey was developed by selecting other case study questionnaires on the topic of locally grown products [9, 20]. Section 1 of the survey deals with consumers concerns over local food products in general, and assesses their consumption, preferences and purchasing patterns. These questions determine purchasing frequency, typical shopping habits, spending, product attributes, and concerns over local food products. Section 2 of the survey deals with consumers perceptions and willingness to buy locally produced food. The last section of the survey is used to determine the socio-demographic profiles of the respondents including variables such as gender, occupation, age, number of people in the household, education, income and postal code. Prior to administering the survey, a pre-test was done and minor modifications were made. Quantitative data for this study was analyzed using SPSS statistical package. Data was cleaned and missing values were replaced using the mean. Out of the 1752 collected surveys, 1611 questionnaires were usable. A combination of reliability tests and factor analyses were performed to determine the reliability and the structure of the data.

5. Results

5.1. Production and distribution of local foods

5.1.1. Themes generation

In-depth interviews took place in Ontario and Quebec, Canada. It targeted four cities selected as follow: 1 city and 1 community in each province, and 15 channel members in each location

for a total of 60 in-depth interviews. The following channel member categories were targeted: small producers, community farmers, farmers’ market, community groceries, specialty stores, and community chain stores. This provides a representative image of the different distribution systems based on city size and culture (French and English) and helps to uncover how producers/distributors develop marketing approaches to target this market niche. Content analysis of in-depth interviews was conducted. Results of the interviews analysis generated four main theme categories: local foods market, local foods definition, marketing issues, and strategies/approaches developed by distributors/producers (cf. Table 1). All themes are derived from the first research objective and clearly reflect the spirit of the interviews.

Theme categories	Theme	Definition
Local foods market	Trend	New type of consumers: localvores
	Market forces	Supply Driven by demand
	Education	Consumer's education about benefit of alternative foods
Local food definition	Local	Local foods product most important attributes
	Definition	Confusion regarding organic/natural/local
Marketing issues	Price	Pricing issues related to local food production
	Distribution	Main store categories where local food products are usually sold and channel length
	Product	Local foods product most important attributes
Strategies and approaches	Communication	One to one relationship or individual marketing
	Network	System of action to develop and enhance the offering

Table 1. List of Generated Themes

5.1.2. *Local foods value delivery*

Farmers, producers, and distributors have consistent perceptions of the distribution system and the distribution structure. The respondents interviewed for this study generally agree that the local foods market is growing slowly with a solid base of knowledgeable consumers. This market shows also substantial opportunities. More specifically they mentioned an increasing diversification of local food products and a conservative expansion in the type of distribution channels. This new type of offering is mainly derived from the “failure” of the conventional foods system to offer embeddedness. Producers and distributors argue – almost unanimously – that the market is asking for alternative way of producing, distributing and eating. This makes more sense when considering that the organic market went mainstream and failed on several aspect of the value chain and value delivery network.

Arguments put forward by these respondents were related mainly to (i) food mileage and (ii) industrialization of the distribution. Organic food products have failed to carry out value mainly on the second dimension, namely industrialization, and sometimes on both dimensions

(food mileage and industrialization). Further, all interviewees from various channels agree to say that consumers are becoming more educated and make smarter food choices. However, it is clear that there are fundamental differences in their purchasing and consumption patterns. Short channels members, such as farmers selling at farms gate, stated that consumers buying at their point of sale are very knowledgeable and are looking for more than a standard purchase. The derived value is based on building a long lasting relationship with the farmer/producer. Conversely consumers buying from more conventional channels, such as specialized stores, are looking for a different purchasing and consumption value. They are also looking for convenience.

Depending on the type of distribution channel considered, findings clearly highlight factors and dimensions that influence consumers' trust when making local food products purchases.

Specialty Stores: As far as specialty stores perspective goes (independent stores as well as community specialty chain stores), the corresponding market shows limited growth in terms of variety, price and quality. These stores are able to provide consumers with a relatively larger variety and convenience whereas larger grocery stores are not differentiating their offering. This is mainly related to the value offered in these longer channels: price is crucial; quality being downgraded for competitive economies of scales. Specialty stores managers indicate that it is obvious and clear that the product label is important. Target consumers feel very comfortable knowing what to buy and finding all information they look for. Conversely, the brand name is not important. Consequently, consumers are not looking for an *industrial* or *conventional* value, rather they are looking for a – convenient – *embedded* value.

Community Grocery Stores: For community grocery store managers, consumers are less inclined to buy local food branded products or packaged local food products. This is probably more related to the combination of embeddedness, sustainability, and food mileage. Conversely, some consumers are explicitly looking for local food products, as they know that store managers are more approachable. This is a guarantee for quality and counterbalances the lack of brand effect. Here, the value is mainly based on the relationship with the manager.

Producers/Farmers Market: When it comes to producers and farmers' markets, interestingly enough, all of them acknowledge that consumer do not trust any labels. They say that consumers would like to get information regarding the products they buy but when they interact with the farmers/producers and discuss the production methods with them, they build a trust relationship that offsets the label value. Hence, the value is based on the production methods. Lastly, most producers and farmers are increasing their local food products sales using traditional sales approaches to market their offering. Farmers and producers do not like to talk about marketing of local foods; this has an *industrial* connotation. Further, being able to expand supply is a big dilemma that translates into controlled supply and limited growth rates. With the growth in popularity of the slow food movement and organic food products, community producers and farmers with small to medium size farms, are managing and controlling this new market niche. It is becoming a sustainable and fair source of revenue. Further, several farmers and producers are selling at farms gate, which considerably lowers their selling price; distribution cost being reduced to zero.

To recapitulate, there is a thin distinction between local food products producers and distributors in terms of production and distribution processes, marketing approaches, and market perception of the value offered. Brands definitely do not add any value whatever the type of distribution channel whereas the product label may play a substantial role for some distributors. Furthermore, store managers as well as the production methods contribute in creating and communicating the embedded value to localvores.

5.2. Consumers' market value

5.2.1. Consumers' profile

A demographic profile of a typical local food consumer, from our sample, was established using the data collected from the respondents who indicated that they currently do purchase local foods. Overall, out of the 1611 surveyed respondents, there are more females (59%) than males (41%), with their ages falling predominately between 35-54 years. The income levels of the respondents varied considerably; the median income range was \$60,000 to \$90,000 per annum. Further, only 12% of respondents lived on their own; 88% of people lived in households with more than 2 people. Further, the education level of the respondents indicated that the majority of respondents had a college or university degree.

Given that the survey did not define what local food is, it is assumed that the survey respondents understand this concept. Further, there was no differentiation between local and local organic. In terms of local food consumption, 15.9% of respondents indicated they do purchase local organic food, 76.6% do purchase local food (non-organic), and 7.5% did not respond. The objective is to explore whether localvores have refined needs in terms of organic values. With respect to consumer concerns over local food products, 55.9% of respondents did indicate they had concerns over local food products, and 44.1% did not. When asked if those concerns affected their buying patterns, 47% indicated yes, while 53% indicated no. The highest response rate, in terms of weekly purchasing, is that 49.4% of respondents say they purchase between \$30 and \$50 of local food products. It is also interesting to note that the lowest ranking attribute for all groups (with and without concerns and those who have and have not changed their buying pattern) is the organic attribute. It is evident that organic local is not of importance for the respondents. Maybe because both concepts have overlapping values.

5.2.2. Purchase criteria and preferences

Through factor analysis, it was determined that there is a difference between respondents' answers in terms of their preferred attributes of regular food products versus local food products. The three dimensions considered by consumers when buying local food products in general would include: general product attributes (29.8%), local food dimension (55.3%) and price (7.1%), which collectively explain 62.4% of the total variance. Hence, consumers consider price when deciding to buy local food products. Respondents were asked how much they would be willing to pay for locally produced foods. Of those surveyed, 41.5% indicated they would pay the typical price for regular food products, while 49.1% indicated they would pay 20% premium. Price, however, is not a determinant factor when deciding to buy local food

products. This is consistent with the literature in terms of consumer's willingness to pay a premium for local products. As for the purchasing criteria, two dimensions stand out. These relate to control of the product (54.3%) and food mileage (29.5%) totaling 73.8% of the variance. These dimensions have managerial implications to local food producers when planning to market their food products.

Consumers may express concerns, but seem relatively unknowledgeable and not unified in the nature of the concerns expressed. Frequency analysis reveals that the concerns expressed by the respondents is relatively comparable in all categories (health 29.7%, sanitation 30.5%, production practices 22.5%, antibiotics and hormones 54%). Given that less than one third of the respondents had concerns in all of the respective categories, and also given the somewhat equal distribution, it is noted that there is not a significant concern of one type. It is therefore apparent that the consumers' views on the product attributes (both extrinsic and intrinsic) have more influence on the purchase decisions than the concerns themselves. This is very important as it drives consumers' purchase pattern.

The sample was then divided into two groups, those with concerns over local food products and those without concerns. This helps better understand the differences between both groups' perspective towards general product attributes². Table 2 below illustrates the findings.

Attribute	Concerned	Not Concerned	Significance
Organic	3.8	2.2	.00*
Taste	4.4	4.3	.05
Price	3.8	3.6	.30
Nutritious and Healthy	4.4	3.6	.00*
Food Safety	4.7	4.1	.00*
Fresh	4.7	4.2	.00*
From Canada	4.4	3.9	.00*
Local or Regional Brand	4.2	3.9	.00*
Small Family Farm	3.3	2.9	.01*

*significance at the .05 level

Table 2. Concerns and Product

In general terms, those concerned with local food products have a higher importance associated with the product attributes, illustrated by the higher means with food safety and freshness being the top scorers for both groups. Also, it is noted that the attributes of price and taste are not statistically different between the two groups (concerned and not concerned); even though price is an important but not a determinant variable.

² This was done by comparing the means using the 5-point Likert scale; 3 being the median point.

A further comparison was done using the rankings of attributes in comparison to those whose concerns have affected their buying patterns, against those whose have not (cf. Table 3).

Attribute	Purchase pattern affected by concerns	Purchase pattern not affected by concerns	Significance
Organic	3.1	2.2	.00*
Taste	4.3	4.1	.11
Price	3.7	3.8	.32
Nutritious and Healthy	4.3	3.7	.00*
Food Safety	4.5	4.4	.11
Product is Fresh	4.5	4.5	.52
From Canada	4.3	4.0	.07
Local or Regional Brand	3.5	3.3	.11
Small Family Farm	3.1	2.9	.22

*significance at the .05 level

Table 3. Impact of Concerns on Buying and Desired Attributes

Overall, those whose concerns have affected their buying behavior, place a higher importance associated with local food attributes. Taste, healthiness, food safety, freshness, and country of origin are important regardless if those attributes are affecting the purchase pattern of respondents. Conversely “organic” and “healthiness” discriminate best between both groups. This is in line with has been said above. Also, it is noted that the attributes of taste, food safety, freshness, and the country of origin (Canada) are not statistically different between the two groups (concerned and not concerned). However, these are very important considerations, given that the means for these attributes are greater than four, on a scale of five points.

5.2.3. Purchasing and consumption patterns

Cross tabulations show that 39% of all respondents indicated that their concerns about local foods affected their buying patterns. The Chi-square test is conclusive ($sig. = 0.000 < 5\%$) which indicates there is an association between local food concerns and local food purchasing. Concerns are therefore determinants of local food consumption and its corresponding purchasing patterns. It is conceivable that food concerns are altering people’s decisions to purchase alternative food products. However, ANOVA results indicate that 62.8% of respondents who have concerns do not buy local organic food products. This results is seconded by Chi-square testing, it was determined that concerns are not determinants of current purchases of local organic products. Therefore, contrary to the results of the previous test, in which concern were found to impact sales, these concerns are not related to the decision to buy local organic products. Again, it is conceivable that concerns over local food products in general,

are causing people to seek other alternative foods. This is an interesting result as Hamzaoui et al. (2012) show that food concerns drives consumers to choose healthy alternative such as organic foods and to a lower extent local foods. All these results are consistent with the current research and industry data, which indicates that concerns over specific food products have impacted sales.

In comparing the ranking of product attributes, between those who currently indicated that they do buy local food products and those who did not, there is a significant difference between the two groups on many attributes (cf. Table 4): healthy and nutritious, local or regional brand, and small family farm. This is consistent with the literature, in that reduced food mileage often gives consumers the perception that local food has improved health benefits and is fresher. If targeting local food consumers, communicating the benefits of reduced food mileage may be a possible avenue of promotion. Another item of interest is the difference between those who do buy local and those who do not in terms of embeddedness, namely their ranking of the attribute small family farm and local brand. Those who do not intend to buy local foods place a higher importance on these “sustainability” aspects. It is conceivable that the embeddedness theory is correct, in that those who do buy direct from farmers have a greater level of trust and connectedness with the farmer, therefore having fewer requirements for the product to be inspected and tested.

Attribute	Buy Local	Do Not Buy Local	Significance
Organic	3.0	2.8	.08
Taste	4.5	4.2	.12
Price	3.7	3.9	.24
Nutritious and Healthy	4.4	4.1	.00*
Food Safety	4.3	4.3	.58
Fresh	4.6	4.4	.32
Local or Regional Brand	4.0	3.7	.00*
Product from Small Family Farm	3.8	3.5	.00*
*denotes significance at the .05 level			

Table 4. Desired Attributes of Local Foods Consumers

Lastly, when ranking the product extrinsic characteristics, it is evident that food packaging can influence a consumer’s decision. Consumers in this study indicated a strong importance associated with packaging containing the contact information of farmers as well as the ability to determine the freshness (date of packaging). This finding also would benefit those interested in promoting and retailing their products through grocery stores and supermarkets. Further, respondents indicated that they eat local food products between 1-3 times a week, with shopping occurring at 40.8% at farms’ gate (small producers and community farmers), specialty stores (24.9%), community groceries and community chain stores (25.4%), and only

8.9% from farmers’ markets. Given that 15.9% of the sample indicated that they do buy local organic products, and only 8.9% do their shopping at the farmers’ market, it is questionable whether or not consumers fully understand what local organic is. It may be that when purchasing food products at a local community stores, the consumer might falsely believe they are supporting a local farmer. Furthermore, respondents expressed a willingness to purchase local food products at Supermarkets (22.5%), Local Grocery Stores (93.1%), local community shops (81.8%), local farmer in small quantities (52.4%), in bulk (31.8%) and at local restaurants (60.6%). The high percentages across the board indicate great market potential for farmers to retail their product in all channels, and to strategize better promotion of direct sale of their product.

5.3. Clustering consumers

Based on the previous section results, different combinations of socio-demographic indicators and psychographic variables have been implemented to determine the optimal segmentation strategy. For the purpose of this study, broad segmentation is defined as a segmentation strategy that has non-distinct segments while good segmentation is defined as a segmentation strategy with very distinct segments. The idea is to maximize intra-group homogeneity and intra-group heterogeneity. This allows for more robust profiling, as consumers will behave in the same way when they belong to the same segment and will behave differently if they belong to different segments. Note that homogeneity and heterogeneity are defined with regards to the segmenting variables. For the purpose of having a good measure of inter-group heterogeneity, several ANOVAs were run to make sure that consumers in different segments have different profiles. All tests were conclusive.

The three attributes driving the purchasing behavior and the consumption patter are: organic, food mileage, and healthiness. Consumers were clustered using those 3 variables; all are measured using a 5-point bipolar scale. Results of 2-step cluster analysis show 2 groups of consumers that act in a very distinctive way (cf. Table 5). It is clear that cluster 1, referred to as hardcore local food consumers, is composed of consumers that look for higher and elaborate values than only local. They are looking for local organic food products. Further, they score very high on food mileage and healthiness showing that these attributes are crucial in their purchase decisions. Conversely the regular local food consumers are not looking for any organic dimension rather these consumers look for basic food attribute criteria to make their purchases. These results are in line with the previous results but add a clustering dimension to the results.

Segments	Percentage	Mean		
		Organic	Food mileage	Healthiness
Hardcore local food consumers	68%	3.73	4.14	4.43
Regular local food consumers	32%	1.54	3.20	3.67

Table 5. Cluster Analysis Results

6. Discussion and managerial implications

This study has academic and practical implications to both producers and distributors. Findings show that local foods are a by-product and a response to both supply and demand. It is a philosophy of producing and eating food; it is a culture. Consumers' issues and concerns over conventional food products are determinant factors when purchasing local food products. Those who purchase locally grown food might do so because of other factors such as their perceptions of food mileage, packaging, perceived benefits of freshness, and possibly their feeling of contributing to the sustainability of local farms.

[12] argue that distributors are widening their offer and look for more competitive prices. Hence, they relate these trends to the product life cycle. The organic market is driven by conventional marketing strategies and is consistently looking for standardization of the supply. This defeats the intrinsic sustainability objective of such products. This study shows also that most producers/distributors that were interviewed agree on the importance of the production operations and the distribution logistics. There is a clear differentiation between long-medium channels versus short channels. This shows the current divide in the organic food supply and demand sides. Long channels strategies are convenience and price driven. They offer a local value targeted toward a certain consumer profile; these are customers that buy local for health reasons. Conversely, short channels are production method driven. These channels serve consumers having a principle-oriented life style; thus the environment and the support of the local economy are the main drives of this market demand. Price is not an issue here.

For producers/farmers this study has a number of positive outcomes. Intrinsic values such as taste, quality and freshness, nutrition and health, are very important to the consumer both for local food products in general and local organic foods products in particular. Local farmers should target these variables when positioning the product in the region. The reduced food mileage that is achieved when selling local food products from a local farm to a local consumer should be capitalized. There are many benefits to the sustainability of the local farms. With good marketing, local farmers could better promote their product on this basis. Furthermore, given the strong willingness expressed by respondents to purchase local food products if available at all of the various channels of distribution, i.e. local grocers and community groceries, and restaurants, there is great potential for farmers to develop relationships with community businesses.

It is determined that consumers who purchase local food products in general are more price sensitive than those who buy local organic food products. One of the limitations of the study has been that consumers might not *fully* understand where their local food products come from. It is possible that price premiums paid to local food stores might be perceived as a premium on local foods which for the most part is not the product sold at those points of sale. The willingness to pay a premium is consistent with the frequency analysis that reveals that the majority of respondents, who would buy local foods, would pay a premium for this product. As indicated in the U.K. study [25], the interest in buying local often does not develop into the decision to seek local products (between 6-10% of those who say they are interested).

The typical local food consumer in the Ontario and Quebec is consistent with research of [4], that indicates a female, and with a higher-level education. Having profiled this consumer however, it is noted that both the sample and those within the sample who currently purchase local foods are very similar in terms of demographics. It is important to realize that consumers may not fully understand the meaning of locally produced food and demographics alone are not sufficient to explain the purchase behaviour. Given the relationship between concerns and the decision to purchase local food products, local farmers should be pleasantly surprised that price is not the main factor that people consider when deciding to buy local. Future research should be undertaken to assess the effects of different marketing ideas and also to examine if consumers understand the meaning of locally produced food.

To recapitulate, the starting point of the marketing model depicted in Figure 2 starts with the market needs. Depending on the degree of consistency of the need and the knowledge level of the target market, there are two operation sizes: direct (farms gate) or using intermediaries (distributors). Each one of these channels has a value attached to it. The more the consumers know about their needs, the more they will look for an enhanced value capturing all aspects listed in the model. Conversely, if consumers have limited knowledge but are driven by social consciousness (sustainability and helping the local economy), then they will buy from longer channels (specialized, community grocery stores) under the impression that food is local.

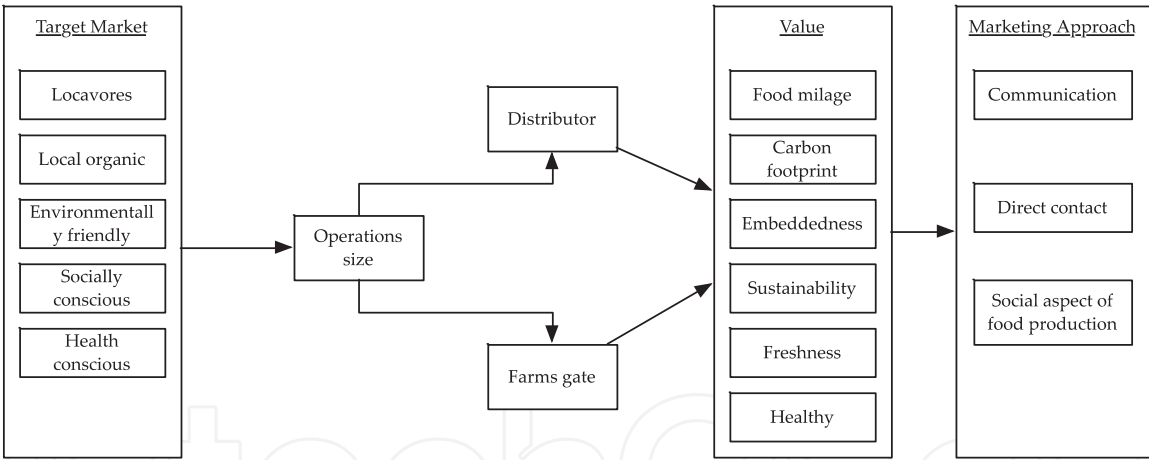


Figure 2. Local Foods Marketing Model

7. Conclusion

Local food research is an area of study with a vast number of possible areas of future research. Local farmers will find value in knowing that market potential does exist for their product, and consumers are expressing an interest in purchasing locally produced food at all channels of distribution. Their motivation to buy local food products is not driven by fear and concerns over food products, but rather by knowing key information on country of origin, nutritional value, freshness and healthiness. This information could be found in the packaging (i.e. date

of packaging, contact information, etc.). In terms of channels of distribution, many more people expressed a willingness to purchase local food products if available at their supermarkets, local grocery stores and specialty stores, while only a very small percentage would consider the farmer's market. This result is consistent with the findings from the study conducted in Ontario [15], which also found a willingness to buy local food products if available in more conventional stores. However, this may defeat the philosophy of buying and eating local. Further, it is important for farmers to note that consumers do express a willingness to pay a premium for their local food products.

Although consistent with other research that has profiled a typical local food consumer, farmers should not solely target the typical demographic profile (well-educated woman, with above average income and family), but should consider the importance of product attributes to all consumers when creating their marketing approach. For example, knowing that a product is locally produced, and promoting it based on its nutrition, health benefits, taste and reduced food mileage, might be a better strategy than just focusing on the typical local foods consumer. Contrary to the existing literature on sustainability, and the concept of embeddedness, this study did not indicate that consumers concerns and or fears changed consumer's decision to buy local. While the study does reveal that concerns have altered the purchasing patterns and behaviours of consumers, these concerns about foods might relate more to the BSE crisis for example, than the fear of the globalized food system. Further, from an academic perspective, the data collected in this study somewhat contradicts the embeddedness theory, given that it has been determined that it was not concerns over the global food system that drive the decision to purchase local food products. Further exploration of the reasoning behind the decision to buy local could be explored in order to determine if social theory, and the desire to purchase sustainable products plays a role in consumers decision-making.

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